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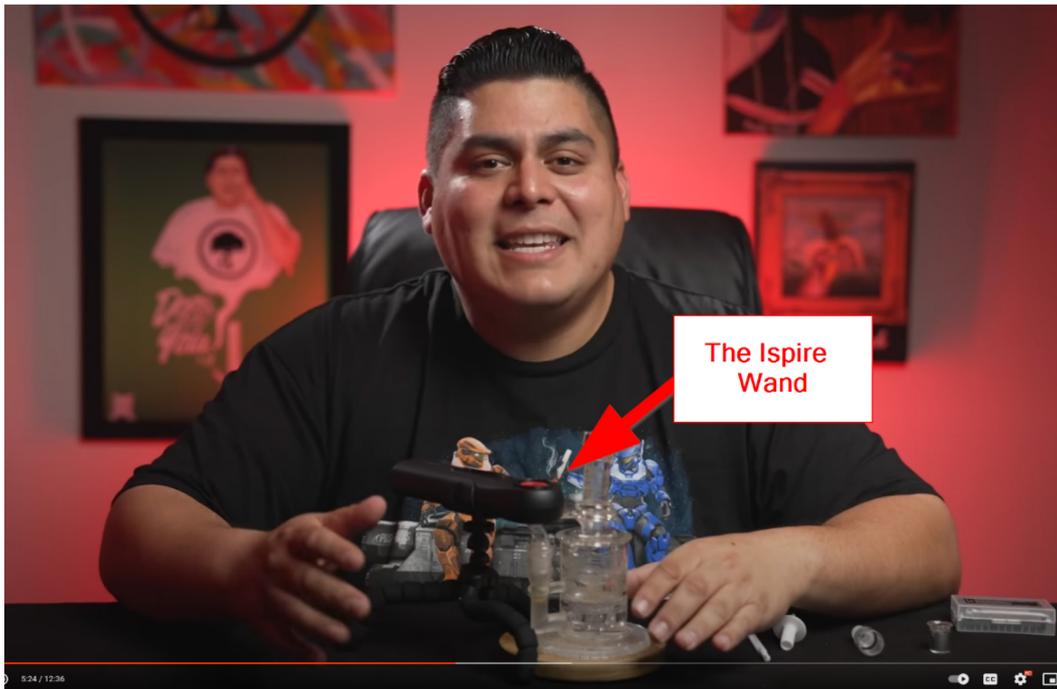
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- ▶ We believe that ISPR **exists to enrich insiders via undisclosed related parties.**
- ▶ **ISPR appears to line its chairman's pockets** by overpaying the Shenzhen factory he owns. While ISPR loses money per vape, the Shenzhen company earns net profit of 11% resulting in millions to ISPR's chairman. While competitors sport 70% gross margins, ISPR lags, at 16%.
 - ▶ Money is tight. Cash and equivalents of \$25.7 mln could last less than one year, and the company needs several million for capex. ISPR tells shareholders it needs new factories to improve margins. But **those factories appear to be just pass-throughs for the chairman's Shenzhen factory.**
- ▶ Original Chinese documents suggest to us that a **big chunk of supply may be fabricated.** While the sole, related-party supplier grew sales at just 12%, ISPR reports they've bought 41% more. A large part of ISPR's COGS goes unpaid. It's typical of a China hustle to show growth through big contracts with related parties that don't get paid.
 - ▶ ISPR was brought public by Tiger Securities and other brokerages for small Chinese companies. **Tiger's top 14 losers saw a 38.7% drawdown within three months of IPO.**
- ▶ **Over 30% of sales are made by an undisclosed related-party** - and we think a lot of those sales could be fake.
- ▶ The co-CEO, a cannabis entrepreneur, **has been accused of extortion and violations of drug law.**¹ A whistleblower at Michael Wang's former company raised concerns about a "genetic consulting" payment. Wang wrote back "*just make sure no one knows about this.*"
 - ▶ A recent big movement in the stock, from \$7.93 to \$16.30, was unjustified by any announcement, coverage upgrade, or fundamental change and **makes us question whether there is price manipulation behind the curtain.**

¹ See March 18, 2021 article in the Phoenix New Times; <https://www.phoenixnewtimes.com/marijuana/the-pharm-sunday-goods-lawsuit-arizona-marijuana-dispensary-lawsuit-cardinal-square-11538471> The case described in the article was settled. See XCEL Inc v. The Pharm, LLC et al 2020.

ISPR is fundamentally a Chinese company but has its HQ in Los Angeles. ISPR sells e-cigarettes and cannabis vapes via 150 distributors under the Aspire² and Ispire³ brands. ISPR sells only cannabis equipment in the U.S.⁴ via high-temperature dab pens, which deliver more of a THC kick. [Some reviews](#) online [rave](#) about this dab kit.



Source: <https://www.youtube.com/watch?v=KfRSL8U3gUE>

The web of related parties

ISPR reports that its biggest distributor, Your-Buyer, accounted for \$37.4 mln in sales in the year to June 30, 2023. ISPR failed to report that Your-Buyer is owned by an officer of the chairman's company Aspire Cig.

- 2 https://www.bamsec.com/filing/121390023077437/1?cik=1948455&hl=8753:8770&hl_id=vka3i3z-1e
- 3 <https://ispiretechnology.com/pages/ispire>
- 4 https://www.bamsec.com/filing/101376223002954/1?cik=1948455&hl=20193:20262&hl_id=eyldgtbwkx

Shay Kastro LinkedIn Profile

Experience

 **Director Of Marketing And Business Development**
 Aspire Cig
 Jan 2009 - Present · 14 yrs 11 mos
 China

 **Owner**
 YourBuyer Ltd
 Aug 2022

Source: <https://www.linkedin.com/in/shay-kastro-7385aa37/?originalSubdomain=hk>

A. 董事 (自然人) Director (Natural Person)

(如超過一名董事屬自然人，請用續頁B填報 Use Continuation Sheet B if more than 1 director is a natural person)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

19	身分 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to
20	中文姓名 Name in Chinese	N.A.		
	英文姓名 Name in English	姓氏 Surname	KASTRO	
		名字 Other Names	YEHOSHOUA SHAY	

Source: 2023 annual return for Your-Buyer International Limited. Hong Kong Companies Registry

Kastro's Your-Buyer uses the [Aspire Science URL](#). Aspire Science is owned by ISPR⁵, but its webpage points inquiries to ISPR's sole supplier, owned by the chairman, Shenzhen Yi Jia (alternately called Eigate).

Contact Us

Company: Shenzhen Eigate Technology Co., Ltd.

Address: Building 3, No.14 Jian'an Road, Shajing
 Sub-district, Bao'an District, Shenzhen, Guangdong
 Province, China

Source: <https://www.aspirecig.com/>

ISPR claims that Your-Buyer alone among 150 distributors makes material sales.

5 "We have two operating subsidiaries, Aspire North America LLC, a California limited liability company ("Aspire North America"), and Aspire Science and Technology Limited, a Hong Kong corporation ("Aspire Science")." ISPR S1 August 11, 2023 <https://www.sec.gov/Archives/edgar/data/1948455/000121390023065827/0001213900-23-065827-index.htm>



Display counters at two vape stores in London. We saw an Aspire nicotine warning but no Aspire/Ispire product. Photos by J Cap

Where's the product?

A search of the ISPR website for stores carrying the product displays a single store in the U.K. That is Vapefiend, at 40 Martell Road in London. Vapefiend is located in [a serviced office](#) and has no retail signage. We telephoned Vapefiend: they said they do not have a physical store but can take orders online for the Ispire wand.

Despite no clues from the company website, we visited a few stores in the UK asking about Aspire/Ispire product. We could not find ISPR product in any retail store in the U.K. One store manager in Cornwall had heard of Aspire and said it was popular but did not carry it. We visited two stores in central London. The proprietors did not know the brand. Your-Buyer reportedly distributes ISPR product on a non-exclusive basis in the U.K. and France. But the company has no office in those countries that we could identify.

In the year to June 2023, ISPR derived at least one-third of its revenue from the U.K. and French markets, yet holds just 0.2% of its cash in Euros and Sterling, up from 0.04% in the year ended June 30, 2022. This does not count short-term investments, only cash. Regardless of currency paid from local distributors, the company's UK region holds only \$21,367 in cash equivalent currency as of September 30, 2023 despite clearly incurring local marketing costs, which can be expensive, to assist those distributors.

For our tobacco products, we have a network of more than 150 distributors, whose territories cover more than 30 countries or regions. Our distributors have non-exclusive agreements and generally are not restricted from selling competing vapor products. Our largest distributor, whose territory was United Kingdom and France, is Your-Buyer International Limited, which accounted for revenue of approximately \$34.1 million, 38.8% of revenue and approximately \$37.4 million, or 32.4% of revenue for the years ended June 30, 2022 and 2023, respectively. No other distributor or customer accounted for 10% or more of our revenues for either the year ended June 30, 2022 or 2023.

Typically, our distributors sell our products to wholesalers who in turn sell to retail distributors although distributors may sell products directly to retail outlets. The vast majority of sales of all classes of smokeless tobacco is sold in stores, primarily grocery stores, convenience stores and tobacco stores, which generally purchase product from wholesale distributors. Our products are also available from our distributors on the internet, including both websites and services such as Amazon. These internet distribution channels are operated by our distributors. The distributors are responsible for complying with the laws of the countries in which they sell our products. We previously sold tobacco vaping products to a distributor for Russia, and we no longer sell to that distributor.

We assist our distributors in marketing our products through websites, blogs, search engine optimization (SEO), opt-in and e-mail marketing, social media marketing, influencer, marketing and digital advertising promotions. Opt-in and email marketing strategies include newsletter sign-ups to receive new product updates and promotions, giveaway promotional activities to drive conversion, coupons and discounts promotion activities to increase sales.

We may use social media to promote our products and we market to consumers through our websites and Instagram. We use social media to educate on current and new products and offers as well as to provide real-time support to customers. Our social media strategies aim to convert and nurture leads, to increase brand awareness.

	Year Ended June 30,			
	2022		2023	
	Revenue	%	Revenue	%
Europe	\$ 51,886	76.2%	\$ 58,764	77.8%
Asia Pacific (excluding PRC)	13,213	19.4%	14,919	19.7%
North America	2,849	4.2%	1,565	2.1%
Others	169	0.2%	315	0.4%
Total	68,117	100%	75,563	100%

3. CASH AND CASH EQUIVALENTS

Below is a breakdown of the Company's cash balances in banks for both years, both by geography and by currencies (translated into U.S. dollars):

	As of June 30,	
	2022	2023
By Geography:		
Cash in HK	\$ 71,221,649	\$ 25,841,880
Cash in U.S.	3,259,002	14,458,693
Total	\$ 74,480,651	\$ 40,300,573
By Currency:		
USD	\$ 64,187,756	\$ 39,835,636
HKD	415,930	363,416
EUR	4,097	59,702
GBP	24,680	22,143
RMB	9,848,188	19,676
Total	\$ 74,480,651	\$ 40,300,573

Source: ISPR 2022 10K

Vapefiend offices



Photo: Office Hub <https://www.office-hub.com/uk/properties/parkhall-business-centre-40-martell-road-dulwich-london-a0v3m000009boRAAR>

Financial statements for Vapefiend, obtained from Companies House, extend only to May 2022. That company at midyear 2022 had eight employees, £392,437 in cash, and £204,381 in debt - hardly enough if that really is the only store in the U.K., a major part of the region that accounted for 76% of sales in 2022.

VAPEFIEND AROMATHERAPY LTD.

Balance sheet As at 30 April 2022

	<i>Notes</i>	<i>2022</i>	<i>2021</i>
		£	£
Fixed assets			
Tangible assets:	3	44,693	32,008
Total fixed assets:		44,693	32,008
Current assets			
Debtors:		101,423	64,946
Cash at bank and in hand:		392,437	313,004
Total current assets:		493,860	377,950
Creditors: amounts falling due within one year:		(204,381)	(195,111)

Companies House financials for Vapefiend Aromatherapy Ltd. 2021-2022

How the chairman enriches himself via the supplier, Shenzhen Yi Jia
ISPR's sole supplier is a Shenzhen company called Yi Jia (sometimes "Eigate"), which ISPR discloses is 95% owned by Liu.⁶ As of end September 2023, ISPR still owed 35% of its annualized cost of sales, or \$50.5 mln to Yi Jia, a surprising amount outstanding given the company recently raised cash in an IPO and private placement.

Other financial indications make us suspicious. For example, revenue rose 31% in the year to end June 2023, but shipping costs declined 11% in the same period.

	Three months ended September 30,	
	2022	2023
<i>Net sales by products</i>		
Tobacco vaping products	\$ 18,947,058	\$ 25,531,999
Cannabis vaping products	7,995,992	17,332,648
Total	\$ 26,943,050	\$ 42,864,647

Cost of revenue

Cost of revenue for the three months ended September 30, 2022 and 2023 consisted primarily of the cost of purchasing vaping products, which were purchased from a related party. See Note 11.

Source: ISPR report

The company requires an advance deposit of between 25%-30% from customers, yet contract liabilities related to this were just \$988,000 at the end of June 2023

⁶ https://www.bamsec.com/filing/101376223002954/1?cik=1948455&hl=17710:17868&hl_id=ejj9xpbzjl

- a decline compared to \$1.67 mln at end June 2022. It's pointless having this customer deposit policy if most customers are exempt.

Contract liabilities

Contract liabilities represent advanced deposits received from customers after an order has been placed but before a product has been shipped. The Company's normal policy is to require a customer deposit in the range of 25% to 30% of the purchase price upon placement of a sales order, although the Company exempts certain customers from this requirement. Contract liabilities are realized as revenue when the conditions to revenue recognition are met, primarily when control of goods has transferred to customers.

9. CONTRACT LIABILITIES

As of June 30, 2022 and 2023, the Company had total contract liabilities of \$1,672,051 and \$988,556, respectively. These liabilities are advance deposits received from customers after an order has been placed. The balance of \$1,672,051 as of June 30, 2022 was recognized as revenue during 2023. As of June 30 2023, the Company expects all of the contract liabilities to be settled in less than one year. The decrease in balance at June 30, 2023 was due to less orders on hand on that date.

Source: ISPR 2022 10K

Six More Undisclosed Related Parties

We count six further companies in the same business that are owned by ISPR Chairman Liu Tuanfang, the founder and CEO, and family members but have not been disclosed to ISPR shareholders.

All the companies are involved in the e-cigarette business, and we wonder whether they conduct business with parts of the ISPR group.

ISPR affiliates: disclosure status

English Name	Ownership	Note	Relationship disclosed?
Aspire Global	Liu Tuanfang	Equity reported transferred to ISPR in 2022. ISPR CFO Michael Wang was CFO 2020-2022.	Yes
Aspire International Hong Kong Limited	Liu Tuanfang	Owner of Yi Jia (Shenzhen)	No
Aspire Science and Technology Ltd.	ISPR	Acquired July 29, 2022 from Aspire Global	Yes
Dongguan Enrich Electronic Technology Co., Ltd.	Sub of Yi Jia	Shares an address with an undisclosed related party called Zhongfuzhou.	N/A
Dongguan Ruisheng Precision Manufacturing Co., Ltd.	Liu Tuanfang 90% and family member	Manufacture and import/export of electronic products. Shares an address with Yi Jia sub Enrich.	No
Dongguan Zhongfuzhou Industrial Co., Ltd.	50-50 Liu Tuanfang and his wife	Shares an address with Yi Jia sub Dongguan Enrich. Has 2 employees acc to 2021 Chinese AR	No
EIGATE (HONG KONG) TECHNOLOGY CO., LIMITED	Liu Tuanfang		Yes
Fortune Genesis Enterprises Limited	Liu Tuanfang cousin	Shares an address with Yi Jia	Yes
Honor Epic International Limited	Zhu Jiangyan 100%	Formed a JV with REGENCELL BIOSCIENCE LIMITED (RGC), Hong Kong bioscience company	Yes
Ispire Malaysia	Aspire North America		Yes
Pride Worldwide Investment Limited	Liu Tuanfang	Shares an address with Yi Jia	Yes
Shenzhen Enrich Supply Chain Management Co., Ltd.	50-50 Liu Tuanfang and his wife	Appears to have a registration address but no operations.	No
Shenzhen Omut Technology Co., Ltd.	Liu Tuanfang and family member	registered 2013 to produce electronic cigarettes	No
Shenzhen Osbo Technology	50-50 Liu Tuanfang and his wife	Appears to have a registration address but no operations.	No
Shenzhen Yi Jia Technology Co., Limited	Liu Tuanfang and cousin	sole manufacturer of Ispire's products	Yes
Yi Jia or Eigate (Shenzhen) Electronic Technology Co. Ltd.	Aspire International Hong Kong		No, Eigate was the WFOE for ISPR's original, failed IPO.
Your-Buyer International Limited	Shay Kastro, marketing director of Aspire Hong Kong	Biggest distributor. Operates in UK and France. Uses the Aspirecig URL, the same as ISPR sub Aspire Science & Technology.	No

Source: Corporate registries, J Capital

Name of related parties and Relationship with the Company

- Tuanfang Liu is the chief executive officer and chairman of the Company.
- Jiangyan Zhu is the wife of Tuanfang Liu and a director of the Company.
- Eigate (Hong Kong) Technology Co., Limited (“Eigate”) is a company wholly owned and controlled by our chief executive officer.
- Aspire Global is a company controlled by the chief executive officer of the Company.
- Shenzhen Yi Jia is 95% owned by the Company’s chief executive officer and 5% by the chief executive officer’s cousin.

Source: ISPR filings⁷

In February 2023, a couple months before the company went public, Aspire Science declared a \$3.8 mln dividend to Liu Tuanfang.

In the year ended June 30, 2020, Aspire Science, declared a dividend of \$3,832,272, which is payable to Tuanfang Liu, who, at the date the dividend was declared, was the sole stockholder of Aspire Science. The dividend was declared prior to the transfer of the equity interest in Aspire Science by Mr. Liu to a subsidiary of Aspire Global, which subsequently transferred the equity interest to Ispire International. During the year ended June 30, 2022, Aspire Science paid \$469,633 to Mr. Liu, and the balance due to Mr. Liu was \$3,362,639 and \$3,384,678 at December 31, 2022, which was paid on February 2, 2023.

Source: ISPR S1/A October 11, 2023⁸

The open display of names on Chinese corporate documents suggests that the ISPR team is so green, they are not aware of SEC rules.

Means of self-dealing 1: manufacturing and IP

ISPR gets “substantially all” of its product from the Shenzhen factory owned by the chairman and family members. Company statements indicate that ISPR must be over-paying Yi Jia. ISPR reports a gross margin of a little over 18%. This compares with 40% for vape supplier Smoore (HKSE:6969), which manufactures its product at a factory in Shenzhen, 47% for RLX Technology (RLX), also supplied out of China, and about 70% reported for Juul. Yet ISPR’s factory supplier is so profitable that it can forego over \$41 mln in 2022 and \$50 mln in 2023 cash owed. In 2020, Yi Jia reported a dividend of \$22.9 mln to Liu Tuanfang and his cousin.⁹

Shenzhen authorities have barred us from obtaining detailed financial statements for Yi Jia, but we believe the profits declared by Liu’s personal company compared with the losses reported by the public company indicate transfer pricing that is disadvantageous to shareholders.

7 Unless the individual has expressed a preference, J Capital expresses Chinese names in the Chinese format: surname followed by given name. This may contradict U.S. company filings, which typically place the given name first. We find it less confusing, as readers may mistake the surname, especially in two-character names.

8 See ISPR S1/A October 11, 2023 page 70.

9 https://www.bamsec.com/filing/110465922005291/1?cik=1844035&hl=458799:459439&hl_id=v1wuqgn-jg

Malaysia

The company says it is attempting to improve its margins with a new factory in Malaysia.¹⁰ But executives have commented that Yi Jia will be supplying the Malaysian facility, and Malaysia will simply assemble product. That makes Malaysia operations just a pass-through, and one that is costing around \$1 mln in capex. The same is true of a planned California facility.

“As we source all of our product from China, one of the things we’re doing to diversify and also expand our gross margin is starting to manufacture in Malaysia.”

ISPR CFO Daniel Machock, LD Micro Main Conference, October 4, 2023.

Intellectual property not transferred

On September 30, 2022, ISPR signed an agreement that required Yi Jia, the Shenzhen-based supplier, to transfer all its intellectual property to ISPR. That has not occurred. Chinese corporate records show that Yi Jia in Shenzhen owns 199 patents and 386 trademarks relating to ISPR’s vaping business. We count 47 patents owned by ISPR subsidiary Aspire North America.



深圳易佳特科技有限公司 [存续] → Shenzhen Yi Jia

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认领企业

基本信息	经营风险	企业年报	经营状况
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商标 387 | 专利 202 | 作品著作权 | 软件著作权 20 | 域名备案 3 → 387 Trademarks, 202 Patents, 20 Software Rights, 3 URLs

Source: Chinese corporate record, Shenzhen Yi Jia

Aaaaand it’s gone!

In September 2022, ISPR reported receiving intellectual property from the CEO’s company, Yi Jia, and valued that property at \$74 mln, calling it a capital contribution. But not long after the IPO, the \$74 mln was deleted from the balance sheet and reversed. That suggests propping up the U.S. dollar book value of the company prior to IPO in preparation for sucking out the money.

¹⁰ https://www.bamsec.com/filing/121390023077423/1?cik=1948455&hl=65421:66154&hl_id=vjs0exnbyl

Restatement of Unaudited Financial Statements

We were required to restate our unaudited financial statements at December 31, 2022 and for the six months then ended and at March 31, 2023 and for the three and nine months then ended. The unaudited financial statements have been restated to correct the amount at which intangible assets consisting of intellectual property rights which were transferred to us by a controlling shareholder was recorded. Under GAAP, assets transferred by a controlling stockholder should be recorded at the transferor's book value. Our unaudited financial statements recorded the intangible assets that were transferred by the controlling stockholder at \$74,259,915, which represents a third party evaluation of the assets.

We determined that the intangible assets were incorrectly recorded in our unaudited financial statements, which were restated to record the acquired intangible assets at the transferor's book value, which was nil. Accordingly, the unaudited financial statements have been restated to reverse the intangible assets, related amortization and contributed capital. As a result of the restatement, our net loss for the six months ended December 31, 2022 decreased from \$2,950,921, or \$0.06 per share (basic and diluted), to \$2,178,290, or \$0.04 per share (basic and diluted), and our net loss for the nine months ended March 31, 2023 decreased from \$6,057,776, or \$0.12 per share (basic and diluted), to \$4,512,513, or \$0.09 per share (basic and diluted), and a decline in stockholders' equity at December 31, 2022 from \$83,218,167 to \$ 9,730,883, and at March 31, 2023 from \$79,953,608 to \$7,238,957.

Source: ISPR 2022 10K

Means of self-dealing 2: distribution

ISPR has one distributor responsible for 32% of sales in the year to end June 2023, and likely slightly more during the most recent quarter. Your-Buyer, owned by the marketing director of Liu Tuanfang's Shenzhen company, uses the [Aspire Science URL](#) and is co-located with Shenzhen Yi Jia, according to Aspire executive and Your-Buyer owner Shay Kastro's LinkedIn. As of June 2023, Aspire Science is owned by Aspire Global, an ISPR subsidiary. But Aspire Global is not supposed to have marketing rights outside of the PRC and Russia:

Pursuant to the Intellectual Property License Agreement, Mr. Liu, Aspire Global and Shenzhen Yi Jia granted Aspire Science a perpetual royalty free sole and exclusive right and license to use and practice all of the Licensed Technology worldwide except for the PRC and Russia. The Licensed Technology includes all patents, know-how, know-how documentation and trademarks, whether now existing or hereafter developed or acquired by, or for, Mr. Liu, Aspire Global and/or Shenzhen Yi Jia that relate, directly or indirectly, to the tobacco vaping market. Pursuant to the License Agreement, neither Mr. Liu, Aspire Global nor Shenzhen Yi Jia has any right to market or sell or grant distributors the right to market or sell tobacco vaping products in the world other than in the PRC and Russia.

October 11, 2023 S1/A page 70

The cannabis business and the co-CEO's dubious record

Nearly all the growth for ISPR came from the cannabis device business in the U.S., a business that was reported at a mere \$2.1 mln in 2021 but had nearly 10x growth in the year to end June 2022 and a further 100% growth the following year .

ISPR's co-CEO has a deep background in cannabis, some of it questionable. Michael Wang, co-chief executive officer since August 7, 2023 and previously CFO, was formerly president, COO, and co-CEO of the cannabis company [The Pharm/Sunday Goods](#), from September 2018 to August 2020.

Wang may still own part of a 320,000-square-foot greenhouse in Willcox and a Phoenix dispensary.¹¹

11 [https://www.forbes.com/sites/katieshapiro/2020/08/29/destination-dispensary-sunday-g\[...\]is-a-paragon-of-cannabis-culture-in-phoenix/?sh=53458bf6681c](https://www.forbes.com/sites/katieshapiro/2020/08/29/destination-dispensary-sunday-g[...]is-a-paragon-of-cannabis-culture-in-phoenix/?sh=53458bf6681c)

Wang has been subject to allegations of drug-law violations and extortion.¹² One former Sunday Goods employee, Mina Guiahi, claimed she witnessed illegal activity and was retaliated against for reporting it.

"I have significant concerns about numerous and blatant violations of state and federal law and sound corporate governance, and breaches of fiduciary duties, by certain senior executives and board members," Guiahi wrote in her letter to the board. "When I raised those concerns internally, my concerns went unheeded."¹³

- *Guiahi has submitted as evidence text messages from 2020 between her and Wang in which she raised concerns about a \$250,000 invoice for "genetics consulting" to a California company. Wang warned her in the texts not to discuss the invoice over company email or with anyone besides him or the company's chief plant scientist, Sjoerd Broeks.*
- *"Just make sure no one else knows about this," Wang wrote.*

The lawsuit was settled.

Prior to Sunday Goods, Wang was CEO of Onestop Commerce, a failed fashion brand that handled orders for bankrupt apparel companies.¹⁴

Before Onestop, Wang was COO and an investor in [Zazzle](https://www.zazzle.com/), an online customization and personalization company. This company has been a defendant in 67 lawsuits, most for copyright infringement.

Q1 to End September 2023

The recent report by ISPR has all the earmarks of window dressing. Sales rose by \$15.9 mln year on year, while net cash purchases from the supplier, Yi Jia, increased by only \$2.5 mln. Accounts payable to Yi Jia remained extremely high, at \$50.5 mln.

Desperate for cash

ISPR ran through \$34 mln in cash in the year through June 30 2023. At September 30 2023, after burning another \$14.6 mln in cash during the quarter, the company had just \$25.7 mln remaining in the bank plus a further \$9.2 mln in held-to-maturity investments. ISPR may need to raise more money and, given its brief life as a

12 <https://www.phoenixnewtimes.com/marijuana/the-pharm-sunday-goods-lawsuit-arizona>

13 <https://www.phoenixnewtimes.com/marijuana/the-pharm-sunday-goods-lawsuit-arizona-marijuana-dispensary-lawsuit-cardinal-square-11538471>

14 <https://www.wsj.com/articles/beyond-bankruptcy-how-failed-stores-come-back-online-1501844401>

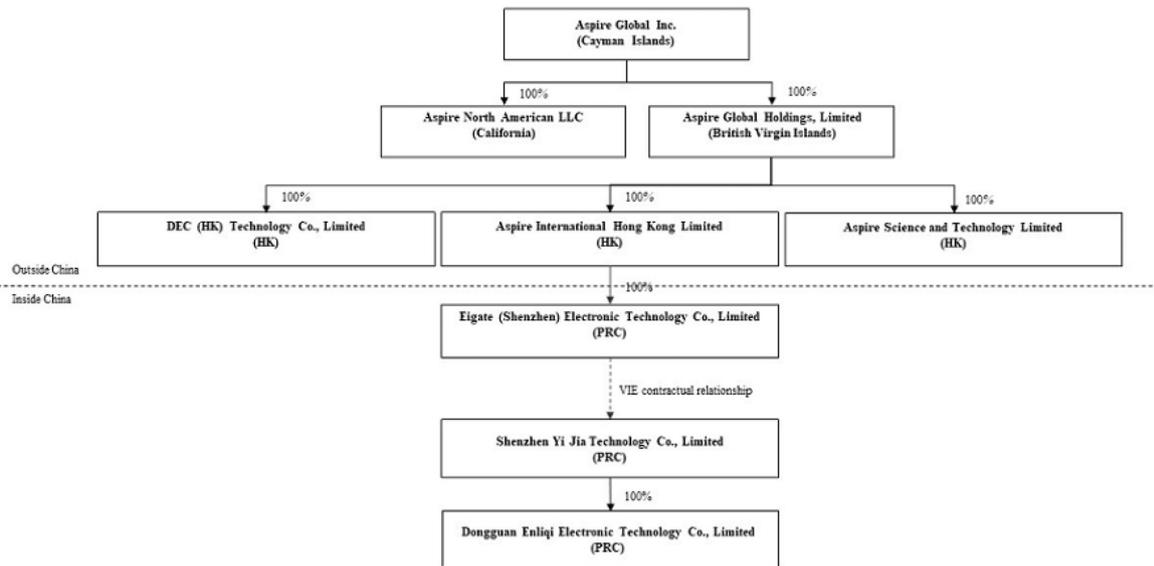
public company, its only option may be a PIPE. We suspect that the company may be trying to impress potential investors with marquee growth that is supported by doubtful numbers out of the supplier’s Shenzhen factory.

The first IPO attempt

The company tried to go public in 2021 with an attempted \$120 million raise.¹⁵ At that point, the plan was to include Yi Jia in the float and to sell vapes within China. But in 2022, China mandated pre-approval for IPOs. Aspire Global withdrew its application in May 2022 and reconfigured itself as an everything-but-China (and Russia) company.¹⁶

The old structure included Liu Tuanfang’s Yi Jia manufacturing plant as a VIE, while Aspire Global (Caymans) sat on top.

Structure created for the original IPO prospectus

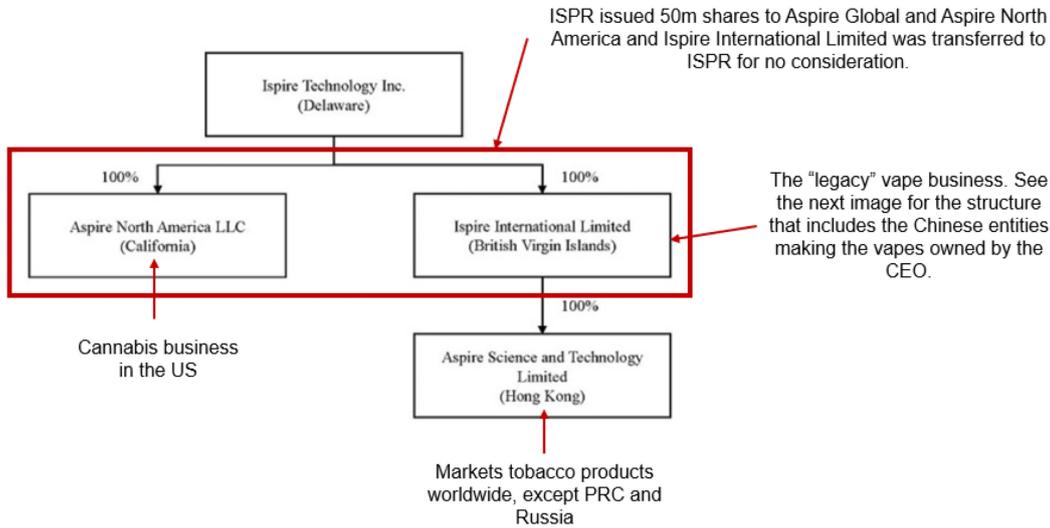


Source: Aspire Global prospectus filed July 16, 2021: https://www.sec.gov/Archives/edgar/data/1844035/000110465921093121/tm215667d6_f1a.htm

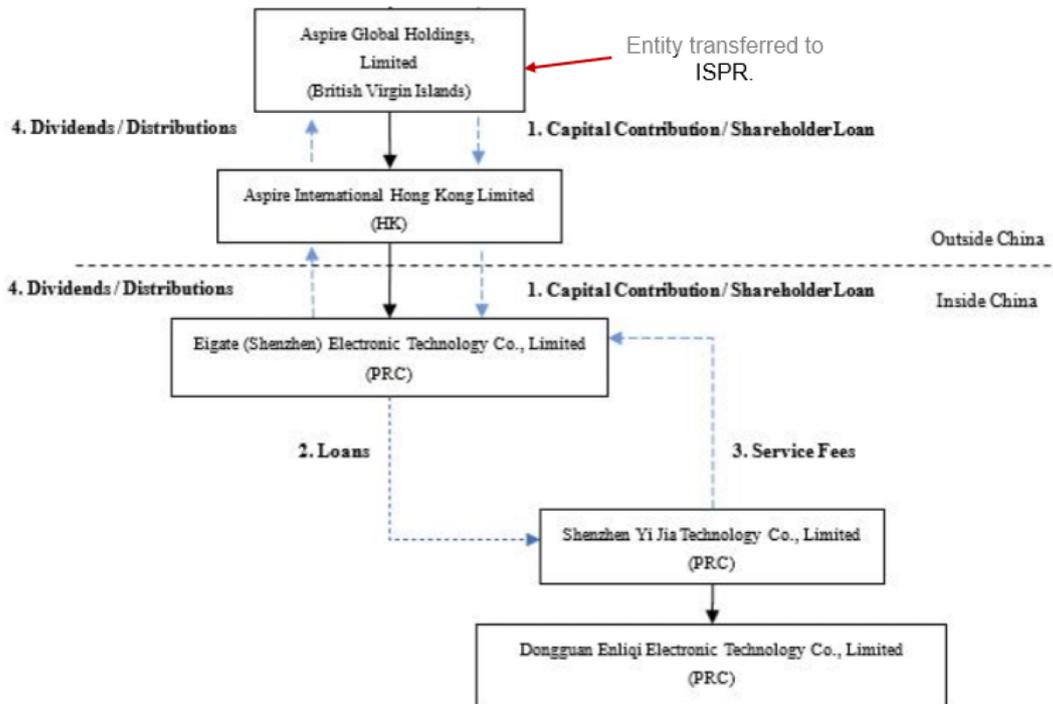
After onerous Chinese policies shot down the original IPO attempt, ISPR restructured, cast off Yi Jia as simply a supplier, and moved two of the Aspire companies under a new umbrella called Ispire.

15 <https://seekingalpha.com/article/4445439-aspire-global-seeks-120-million-us-ipo>

16 See Georgina Lee, “Chinese e-cigarette maker Aspire Global ditches US\$135 million Nasdaq IPO plan as Beijing toughens fundraising rules,” South China Morning Post, May 10, 2022: <https://www.scmp.com/business/banking-finance/article/3177154/chinese-e-cigarette-maker-aspire-global-ditches-us135>



In the original prospectus, money flowed between Shenzhen Yi Jia and Eigate (Yi Jia) Shenzhen.



Despite a dramatic drop in revenue in 2020 and the elimination of 20% of revenue from China reported in the company's original prospectus, a reconstituted ISPR managed to bounce right back and report higher revenue in 2023 than the old company had at its height.

Low-quality advisors

ISPR is audited by a virtually unknown auditor called MSPC, an affiliate that is part of the Moore Global Network. In July 2023, the PCAOB censured and fined MSPC for violations in its audit of the issuer SFL Corporation Ltd.

The Chinese brokerage UP Fintech was the bookrunner for ISPR's IPO, along with TFI Securities and SPDB International.¹⁷ TFI Securities and Prime Number Capital were also underwriters. UP's Tiger Securities has a buy on the stock, with a \$14 price target.

[Tiger Securities](#) has acted as bookrunners/underwriters for many small/mid-cap stocks. We estimate an average 38.7% drawdown three months post IPO for their 14 worst performers.

Tiger Securities Underwriting Client Performance

Ticker	Name	Market Cap, mm \$USD	Price Change, %						
			1D	1W	1M	3M	6M	1Y	
NasdaqCM:ESLA	Estrella Immunopharma, Inc.	52.4	-5.1%	-38.2%	-87.8%	-86.5%	-85.9%	-85.2%	
NasdaqCM:BON	Bon Natural Life Limited	5.2	2.2%	1.4%	-19.5%	-26.6%	-72.2%	-77.8%	
NasdaqCM:SAI	SAI.TECH Global Corporation	21.5	0.0%	-1.5%	-27.4%	-55.7%	-81.6%	-73.8%	
NasdaqCM:DATS	DatChat, Inc.	5.9	-4.5%	-4.8%	-52.4%	-56.7%	-57.0%	-66.6%	
NasdaqGM:BNR	Burning Rock Biotech Limited	107.5	2.0%	6.4%	-4.7%	-52.3%	-64.7%	-52.8%	
NasdaqCM:SWAG	Stran & Company, Inc.	19.7	-2.8%	-9.4%	-20.9%	-24.3%	-38.0%	-26.4%	
NasdaqGS:CSIQ	Canadian Solar Inc.	1,442.7	-1.5%	2.0%	-19.9%	-39.6%	-41.9%	-26.1%	
NasdaqCM:IPW	iPower Inc.	14.3	-6.7%	-20.0%	-37.7%	-50.0%	-22.6%	-17.1%	
NasdaqGM:NA	Nano Labs Ltd	65.2	0.0%	-4.1%	2.6%	-30.7%	4.7%	-9.3%	
NasdaqGS:API	Agora, Inc.	266.4	-2.2%	4.8%	4.0%	-17.9%	-26.3%	-7.4%	
NasdaqCM:ZCMD	Zhongchao Inc.	28.6	0.0%	0.9%	-6.0%	-12.7%	-9.5%	-6.0%	
NasdaqGM:MOBV	Mobiv Acquisition Corp	83.9	-1.9%	-0.3%	-11.0%	-10.2%	-8.7%	-5.5%	
NasdaqCM:ISPR	Inspire Technology Inc.	488.8	1.8%	-3.0%	9.3%	-7.7%	19.1%	0.0%	
NasdaqCM:HKIT	Hitek Global Inc.	25.3	-3.8%	-4.3%	-18.0%	-71.5%	-63.2%	0.0%	
NasdaqCM:ELWS	Earlyworks Co., Ltd	11.8	5.0%	21.3%	-41.7%	0.0%	0.0%	0.0%	
NasdaqGM:QSG	QuantaSing Group Limited	128.1	9.4%	8.9%	-63.9%	-72.1%	-78.1%	0.0%	
NasdaqCM:LRHC	La Rosa Holdings Corp.	24.0	-6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	
NasdaqCM:PMEC	Primech Holdings Ltd.	45.5	12.3%	0.0%	0.0%	0.0%	0.0%	0.0%	
NasdaqGM:PTWO	Pono Capital Two, Inc.	58.5	0.0%	-0.3%	0.9%	3.6%	2.2%	6.1%	
NasdaqGM:ACAX	Alset Capital Acquisition Corp.	48.6	0.0%	-0.4%	-0.2%	1.0%	2.4%	6.7%	
NasdaqGM:AFAR	Aura FAT Projects Acquisition Corp	155.9	0.0%	0.0%	0.0%	1.8%	2.6%	6.7%	
NasdaqGM:FLV	Feutune Light Acquisition Corporation	85.5	-0.6%	0.0%	0.4%	0.7%	2.7%	7.0%	
NasdaqCM:HHGC	HHG Capital Corporation	58.2	-0.2%	-1.7%	0.7%	8.9%	9.2%	7.2%	
NasdaqGM:NUBI	Nubia Brand International Corp.	77.4	0.2%	0.3%	0.3%	2.4%	3.6%	7.3%	
NasdaqGM:CHEA	Chenghe Acquisition Co.	156.0	-0.5%	-0.5%	0.2%	1.2%	2.9%	7.4%	
NasdaqGM:EMCG	Embrace Change Acquisition Corp.	88.2	0.1%	0.2%	0.6%	2.2%	3.5%	7.7%	
NasdaqGM:DUET	DUET Acquisition Corp.	81.3	0.0%	0.1%	0.1%	1.4%	2.9%	7.7%	
NasdaqGM:AIMA.U	Aimfinity Investment Corp. I	112.7	0.0%	0.0%	0.0%	3.7%	4.4%	7.9%	
NasdaqGM:FRLA	Fortune Rise Acquisition Corporation	73.7	0.0%	0.1%	0.6%	1.1%	2.5%	8.0%	
NasdaqGM:DECA	Denali Capital Acquisition Corp.	118.4	0.2%	0.4%	0.5%	1.7%	3.8%	8.3%	
NasdaqGM:MCAC	Monterey Capital Acquisition Corporation	124.8	0.1%	0.8%	0.9%	2.5%	4.3%	8.4%	
NasdaqGM:LIBY	Liberty Resources Acquisition Corp.	78.6	0.0%	0.0%	-0.1%	0.4%	3.1%	8.6%	
NasdaqGM:EVGR	Evergreen Corporation	164.0	0.0%	0.2%	0.6%	1.9%	4.3%	8.8%	
NasdaqGM:FTII	FutureTech II Acquisition Corp.	163.9	0.1%	0.1%	0.6%	2.2%	3.8%	9.0%	
NasdaqCM:ACAC	Acric Capital Acquisition Corporation	63.4	0.1%	0.1%	-0.4%	1.8%	4.3%	9.6%	
NasdaqGM:QH	Quhuo Limited	7.7	7.3%	23.7%	0.0%	-15.2%	-9.0%	21.8%	
NasdaqGS:BILI	Bilibili Inc.	5,621.9	-2.2%	0.7%	-1.9%	-18.4%	-34.6%	22.2%	
NasdaqGS:TIGR	UP Fintech Holding Limited	787.4	-0.2%	-0.2%	-5.2%	61.8%	56.3%	50.7%	
NasdaqGM:HUIZ	Huize Holding Limited	56.8	3.7%	0.6%	-0.9%	-10.5%	-15.3%	76.2%	
NasdaqGM:UCL	uCloudlink Group Inc.	74.0	3.6%	5.3%	-7.4%	-23.1%	-46.1%	242.9%	
Average		277.3	0.2%	-0.3%	-10.1%	-14.5%	-15.3%	2.3%	

Source: J Capital

17 <https://seekingalpha.com/article/4574003-inspire-technology-ispr-tries-again-us-ipo>

[TFI Securities](#), a Hong Kong bank, was underwriter for First High-School Education Group Co Ltd (OTCMKTS: FHSEY). That stock is down 98% since IPO in 2021.

TFI Securities Underwriting Client Performance

Ticker	Name	Market Cap, mm \$USD	Price Change, %					
			1D	1W	1M	3M	6M	1Y
NasdaqCM:NCNC	noco-noco Inc.	90.7	-8.9%	-27.9%	-39.9%	-93.5%	-93.4%	-93.1%
NasdaqGM:FLJ	FLJ Group Limited	43.5	-32.0%	-15.1%	-15.5%	-4.1%	-70.4%	-90.1%
NasdaqCM:UK	Ucommune International Ltd	2.2	8.1%	17.1%	5.6%	-27.2%	-65.2%	-87.5%
NasdaqGM:MHUA	Meihua International Medical Technologies C	45.0	12.9%	13.9%	-20.7%	-23.6%	-58.2%	-69.2%
NasdaqCM:CPOP	Pop Culture Group Co., Ltd	8.4	1.7%	5.8%	-0.3%	-21.5%	-55.7%	-61.2%
NasdaqCM:ATPC	Agape ATP Corporation	123.4	45.5%	-80.0%	-80.2%	-73.3%	-60.1%	-60.1%
NasdaqCM:OCG	Oriental Culture Holding LTD	6.6	-7.0%	-24.6%	-57.2%	-42.6%	-37.7%	-55.4%
NasdaqCM:AIH	Aesthetic Medical International Holdings Gro	35.2	-1.3%	-6.2%	-2.7%	-32.0%	-35.0%	-52.2%
NasdaqCM:PEV	Phoenix Motor Inc.	31.1	4.3%	43.2%	149.6%	102.4%	97.3%	-35.4%
NasdaqGS:EBON	Ebang International Holdings Inc.	43.2	-0.3%	-4.0%	-7.8%	-35.2%	11.7%	-32.5%
NasdaqCM:OST	Ostin Technology Group Co., Ltd.	10.8	1.8%	-24.9%	-12.1%	-11.0%	-15.9%	-24.1%
NasdaqCM:LIZI	Lizhi Inc.	18.9	-2.2%	-5.7%	-22.0%	-52.7%	-48.6%	-19.8%
NasdaqCM:EDTK	Skillful Craftsman Education Technology Lim	13.3	-4.5%	-12.7%	-16.5%	-29.5%	-50.9%	-8.5%
NasdaqCM:ZJYL	Jin Medical International Ltd.	147.8	7.0%	37.7%	43.1%	79.5%	171.2%	0.0%
NasdaqCM:IZM	ICZOOM Group Inc.	87.7	6.7%	24.9%	-5.9%	56.6%	275.7%	0.0%
NasdaqGM:AIXI	Xiao-I Corporation	147.0	0.0%	3.6%	-8.9%	-60.5%	-66.8%	0.0%
NasdaqCM:RAYA	Erayak Power Solution Group Inc.	11.0	3.8%	1.1%	-12.4%	-54.0%	-48.0%	0.0%
NasdaqCM:NWGL	Nature Wood Group Limited	156.9	2.5%	0.2%	15.1%	0.0%	0.0%	0.0%
NasdaqCM:OMH	Ohmyhome Limited	50.7	0.0%	-11.9%	35.0%	-20.1%	-47.6%	0.0%
NasdaqCM:GMM	Global Mofy Metaverse Limited	135.9	5.7%	0.0%	0.0%	0.0%	0.0%	0.0%
NasdaqCM:WRNT	Warrantee Inc.	14.1	-3.1%	-4.5%	-24.2%	0.0%	0.0%	0.0%
NasdaqCM:ISPR	Ispire Technology Inc.	488.8	1.8%	-3.0%	9.3%	-7.7%	19.1%	0.0%
NasdaqCM:ACAC	Acri Capital Acquisition Corporation	63.4	0.1%	0.1%	-0.4%	1.8%	4.3%	9.6%
NasdaqGM:EH	EHang Holdings Limited	1,180.8	18.7%	18.7%	21.5%	10.7%	91.7%	415.2%
Average		123.2	2.6%	-2.3%	-2.0%	-14.1%	-3.4%	-11.0%

Source: J Capital

[Prime Number Capital, LLC](#), founded in 2018 to focus on Asian companies, has also worked with many small and mid-cap companies.

The 2021 bookrunners for ISPR's first attempt to go public, under Aspire, were also US Tiger Securities, but TFI Securities and Prime Number Capital, LLC were the underwriters.

Questions about market size

The information on market sizing and growth in ISPR's prospectus was commissioned by the company. The commissioned study by Euromonitor concludes that the market for smokeless tobacco products will grow at over 15% CAGR through 2026. [Statista reports](#) a 3.6% CAGR.

ISPR market projection

	2023	2024	2025	2026	2024	2025	2026
All smokeless tobacco products	93,263	108,680	123,872	141,658	17%	14%	14%
E-vapor products	29,911	33,245	36,742	40,478	11%	11%	10%
Closed System Rechargeable and Cartridges	18,575	20,941	23,404	25,949	13%	12%	11%
Open systems	9,622	10,431	11,313	12,357	8%	8%	9%

Source: ISPR August 11, 2023 S1 page 45

ISPR discloses:

The information presented in this prospectus that relates to the industry has been derived from industry reports prepared by Euromonitor International Limited, or Euromonitor, dated January 22, 2021, with respect to tobacco products, and dated January 12, 2022, with respect to cannabis products. Euromonitor is an independent research firm. **The tobacco report was commissioned by Aspire Global, and we commissioned the cannabis report. Neither we, the Underwriters nor any other party involved in this offering has independently verified such information, and neither we, the Underwriters nor any other party involved in this offering makes any representation as to the accuracy or completeness of such information.**

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We believe these projections should not be relied upon, any more than the rest of ISPR's statements.

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